

**DOCKET NO. 2014-346-WS**

# EXHIBIT A

includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

ORS reserves its right to utilize the responses to this information request as evidence at the hearing.

**IT IS THEREFORE REQUESTED:**

- I. That all information shall be provided to ORS in the format requested.
- II. That all responses to the audit requests below be labeled using the same numbers as used herein.
- III. That the requested information be bound in 3-ring binders with numbered tabs between each question.
- IV. That if information requested is found in other places or other exhibits, reference shall not be made to those; instead, that the information be reproduced and placed in the audit response in the appropriate numerical sequence.
- V. That any inquiries or communications relating to questions concerning clarification of the information requested below should be directed to Jeff Nelson, Esquire [803-737-0823] or Andrew Bateman, Esquire [803.737.8440] of ORS.
- VI. That this entire list of questions be reproduced and included in front of each set of responses.
- VII. That each question be reproduced and placed in front of the response provided.
- VIII. That unless otherwise specified, the Company provide one (1) electronic version of the responses to ORS.
- IX. That all exhibits be reduced or expanded to 8 ½" x 11" format, where practical.
- X. If the response to any audit request is that the information requested is not currently available, please state when the information requested will be available and provided to ORS. This statement is not a waiver of the deadline for all other responses.

- XI. That in addition to the signature and verification at the close of the Company's responses, the Company witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This request shall be deemed to be continuing so as to require the Company to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.
- XIV. For every page produced to ORS that contains confidential information, the page be marked "CONFIDENTIAL" in the header.

**REQUESTS:**

- 1-1 Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.
- (a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.

/s/Andrew M. Bateman

Jeff Nelson, Esquire

Andrew M. Bateman, Esquire

**South Carolina Office of Regulatory Staff**

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June 29, 2020

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2014-346-WS**

[illegible]

**TO: ANDREW M. BATEMAN, ESQUIRE, ATTORNEY FOR THE SOUTH CAROLINA  
OFFICE OF REGULATORY STAFF (“ORS”)**

Daufuskie Island Utility Company, Inc. (“DIUC”) hereby responds to The South Carolina Office of Regulatory Staff’s (“ORS”) First Continuing Request for Production of the Second Remand pursuant to S.C. Code Ann. § 58-4-55 (Supp. 2019 ), 58-5-230, S.C. Code Regs., 103-517, and 103-719 as follows:

## ORS Request 1-1

Please provide all documents that support Rate Case Expenses of \$269,356 as identified in the Second Rehearing Direct Testimony of John F. Guastella (p. 17, l. 6) including, but not limited to, the calculation, reconciliation and vendor invoices.

(a) Please provide all documentation to demonstrate the invoices that are included in the amount of \$269,356 have been paid by DIUC.

**RESPONSE:**

DIUC objects to this Request because it is unduly burdensome and because in direct contradiction of a ruling of the South Carolina Supreme Court, the Request seeks to impose a higher level of scrutiny and an increased burden of production regarding the extensive documentation DIUC has already provided to ORS and to the Commission regarding DIUC's Rate Case Expenses. *See DIUC v. S.C. Office Reg. Staff*, 427 S.C. 458, 462-3, 832 S.E.2d 572, 574 (2019), *reh'g denied* (Sept. 27, 2019) (hereinafter "*DIUC II*"). Subject to and preserving its objections, DIUC responds as follows:

## EXHIBIT B

Documents supporting the Rate Case Expenses sought by DIUC were produced with DIUC's Responses to Office of Regulatory Staff's First Continuing Audit Information Request in Proceeding on Remand dated October 27, 2017 and Attachment to ORS 1-12 Rate Case Expenses therewith produced. DIUC also previously provided ORS and the Commission support for its requested Rate Case Expenses, through testimony and exhibits. See Transcript of Proceedings (October 28, 2015), Transcript of Proceedings (December 6 and 7, 2017), Prefiled Second Rehearing Testimony of John F. Guastella (June 16, 2020). DIUC incorporates and relies upon these documents and transcripts. Provided herewith is a one-page chart entitled GA Rate Case Invoices and Payments to Date. Additional testimony and documents may also be provided as this second rehearing proceeding continues, including future testimony, both prefiled and live testimony, and exhibits.

Respectfully submitted,

/s/ Thomas P. Gressette Jr.

**Thomas P. Gressette, Jr.**

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**G. Trenholm Walker**

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**WALKER GRESSETTE FREEMAN & LINTON, LLC**

Mail: P.O. Box 22167, Charleston, SC 29413

Office: 66 Hasell Street, Charleston, SC 29401

Phone: (843) 727-2200

July 10, 2020

Charleston, South Carolina

Attachments:

Verification

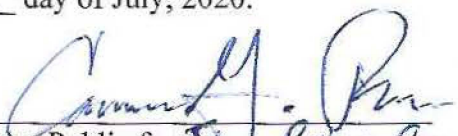
GA Rate Case Invoices and Payments to Date (July 10, 2020)

**VERIFICATION**

I, John F. Guastella, General Manager of Daufuskie Island Utility Company, hereby affirm that the foregoing DAUFUSKIE ISLAND UTILITY COMPANY, INC.'S RESPONSES TO SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND are true and accurate to the best of my knowledge based on my understanding of the questions.

  
John F. Guastella

SWORN to before me this  
10<sup>th</sup> day of July, 2020.

  
Notary Public for Fla. Palm Beach Co.  
My Commission Expires: July 2, 2023

Notary Public State of Florida  
Cameron G Reese  
My Commission GG 351377  
Expires July 2, 2023

# GA Rate Case Invoices and Payments to Date

	<u>GA Consulting - Rate Case Docket No 2014-346-WS</u>	<u>Invoice No.</u>	<u>Due</u>	<u>Paid</u>
	Invoiced 7.10.14	133	\$ 1,612.50	12.1.14
	Invoiced 9.5.14	139	\$ 16,687.50	12.1.14
	Invoiced 10.14.14	145	\$ 5,130.00	12.1.14
	Invoiced 11.11.14	151	\$ 13,122.50	8.22.18
	Invoiced 12.9.14	165	\$ 14,600.00	8.22.18
	Invoiced 1.5.15	170	\$ 19,932.50	8.22.18
	Invoiced 2.10.15	179	\$ 25,239.02	8.22.18
	Invoiced 3.6.15	184	\$ 15,692.50	8.22.18
	Invoiced 4.8.15	192	\$ 4,792.50	8.22.18
	Invoiced 5.20.15	204	\$ 17,992.50	8.22.18
	Invoiced 6.5.15	209	\$ 19,067.48	8.22.18
	Invoiced 7.1.15	211	\$ 53,810.00	8.22.18
	Invoiced 8.10.15	215	\$ 67,860.00	8.22.18
	Invoiced 10.14.15	223	\$ 19,870.00	8.22.18
	Invoiced 11.9.15	228	\$ 82,695.34	10.10.19
	Invoiced 12.11.15	232	\$ 37,812.50	11.16.19
	Invoiced 1.6.16	236	\$ 17,412.50	11.16.19
	Invoiced 2.4.16	242	\$ 14,652.50	3.18.20
	Invoiced 3.12.16	247	\$ 3,772.50	3.26.20
	Invoiced 5.16.16	259	\$ 5,562.50	3.26.20
	Invoiced 6.21.16	263	\$ 8,522.50	3.26.20
	Invoiced 7.13.16	269	\$ 5,617.50	3.26.20
	Invoiced 8.12.16	274	\$ 2,537.50	3.26.20
	Invoiced 9.6.16	277	\$ 15,357.50	3.26.20
	Invoiced 11.18.16	288	\$ 1,307.50	6.26.20
	Invoiced 1.9.17	292	\$ 22,117.50	6.26.20
	Invoiced 7.17.17	327	\$ 7,825.00	6.26.20
	Invoiced 8.18.17	333	\$ 2,325.00	
	Invoiced 9.15.17	335	\$ 9,700.00	
	Invoiced 10.17.17	337	\$ 10,351.25	
	Total as of November 1, 2017		\$ 542,978.09	

Amount Paid to date

\$ 520,601.84

Note: Does not include subsequent billings.

### **CERTIFICATE OF SERVICE**

This is to certify that on July 10, 2020, I caused to be served upon the counsel of record named below a copy of the foregoing **DAUFUSKIE ISLAND UTILITY COMPANY, INC.'S RESPONSES TO SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S FIRST CONTINUING REQUEST FOR PRODUCTION OF THE SECOND REMAND** via electronic mail, as indicated. A copy of the Responses were also filed via the Commission's DMS.

Andrew M. Bateman, Esq. (abateman@ors.sc.gov)

Jeff Nelson, Esq. (jnelson@ors.sc.gov)

John J. Pringle, Jr., Esq. (jack.pringle@arlaw.com)

John F. Beach, Esq. (john.beach@arlaw.com)



**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2014-346-WS**

IN RE:	)	<b>DIUC MOTION FOR</b>
	)	<b>DISPOSITION OF PROCEEDINGS</b>
Application of Daufuskie Island Utility	)	<b>AND ENTRY OF PROPOSED ORDER</b>
Company, Inc. for Approval of an	)	<b>ON SECOND REMAND</b>
Adjustment for Water and Sewer Rates,	)	
Terms and Conditions.	)	
_____	)	

NOW COMES Daufuskie Island Utility Company, Inc. (“DIUC”), the Applicant, to move this Commission, pursuant to S.C. Code Regs. § 103-817(D) and § 103-851, for entry of DIUC’s Proposed Order on Second Remand, a copy of which is attached hereto and incorporated herein as if fully restated in support of this Motion. In further support of the requested relief, DIUC relies upon the record in this matter, including all filings to date.

As more fully discussed in DIUC’s Proposed Order on Second Remand, the Applicant seeks relief as follows:

1. DIUC has incurred and should be allowed to include Rate Case Expenses of \$269,356 for Guastella Associates (“GA”) fees incurred through September 30, 2017. Permitting recovery of this portion of documented rate case expenses will, combined with the other adjustments including Plant In Service as discussed herein, increase total annual revenues up to \$2,267,722, but not beyond, the noticed 108.9% increase set forth in the application that initiated this proceeding. Such an order would leave outstanding about one-half of the \$542,978 of GA fees invoiced through September 30, 2017, or \$273,622, and should allow DIUC to apply for recognition of these remaining expenses and its post-September 30, 2017, rate case expenses in its next rate case.
  
2. DIUC’s application included \$8,139,260 for used and useful facilities included in Utility Plant in Service. Commission Orders 2015-846 and 2018-68 both erroneously accepted a reduction of that amount by \$699,361, as proposed by the S.C. Office of Regulatory Staff (“ORS”). However, ORS did not claim that the assets in question do not exist or that the assets are not used and useful; it

was a “carry-over” note from a previous ORS employee. DIUC presented evidence documenting all items of plant included with costs booked at specific amounts by primary plant account and the year in service. These records, supplemented by DIUC witness testimony and supported by the events related to defunct Melrose Utility, constitute substantial evidence that the disputed \$699,361 should be included in DIUC’s Rate Base/Utility Plant In Service.

3. DIUC has a constitutional right to collect rates that meet the minimum requirement of yielding “a reasonable return on the value of the property used at the time it is being used to render the service.” *Bluefield Waterworks & Improvement Co. v. Public Service Comm’n of W. Va.*, 262 U.S. 679, 690, 43 S. Ct. 675 (1923). Rates are confiscatory if they do not address the cost of property of the utility and all sums required to meet operating expenses. *Bluefield Waterworks*, 262 U.S. at 691, 43 S. Ct. at 678. DIUC’s rates have been incrementally increased during this five-year proceeding, but have not yet reached this constitutional minimum. If rates are corrected as set forth in the Proposed Order then final rates will be established that reflect DIUC’s true cost of providing service. The Commission should order:
  - a. The correction of the insufficient rates allowed by Orders 2015-846 and 2018-68 should be made on the basis that the 108.9% rate increase should have been in effect for service provided from October 1, 2017, through March 31, 2020, instead of the 88.5% rate increase.
    - i. New/final rates should be designed to achieve the \$2,267,722 originally requested revenue requirement, or a 12.055% increase over the \$2,023,759 revenue requirement allowed in Order 2018-68, to be billed by DIUC with its July 1, 2020, billing for service provided for the second quarter of 2020 (April 1, 2020 through June 30, 2020).
    - ii. To compensate for the lost earnings, a one-time surcharge in the amount of \$593,339 which includes carrying costs, should be included with the July 1, 2020, billing.
    - iii. DIUC’s Proposed Order on Second Remand includes a Tariff Schedule (“Statement of Proposed Rates”) and Billing Analysis reflecting proposed rates that generate the \$2,267,722 revenue requirement as well as a Support Schedule showing DIUC’s calculation of the \$593,339 surcharge to be billed with its July 1, 2020, billing.

b. With respect to the reversal of the refund/credit made to the customers on January 1, 2018, DIUC recommends that in order to mitigate the impact on the customers, a separate surcharge be billed to the customers as soon as possible prior to the July 1, 2020 billing.

- i. Only customers who received refunds/credits with the January 1, 2018, billing will be billed the surcharge to reverse those credits for correction of the refunds/credits provided in the January 1, 2018, billing to address the difference between the 88.5% rate increase and the 108.9% increase charged under bond.
- ii. DIUC's Proposed Order on Second Remand includes DIUC's requested \$290,515 surcharge, calculated by applying to the refund/credit of \$232,542, the 9.31% allowed equity rate compounded for two and a quarter years from January 1, 2018 through March 31, 2020, or 24.93%, which includes interest. DIUC should include an explanation of this surcharge with its billing of it to each customer, and also notify its customers of the July 1, 2020, rates and related surcharge at least 30 days in advance of the billing.

WHEREFORE, DIUC respectfully requests this Commission enter an Order on Second Remand to address these issues that remain outstanding following the Supreme Court's second remittitur of this matter. Specifically, DIUC requests the Commission enter the attached Proposed Order on Second Remand;

FURTHERMORE, pursuant to Order of the Supreme Court dated January 17, 2020, DIUC respectfully requests this Commission enforce the Order's award of costs to DIUC in the amount of \$13,807.25 against Respondents South Carolina Office of Regulatory Staff, Haig Point Club and Community Association Inc., Melrose Property Owner's Association, Inc., and Bloody Point Property Owner's Association; and

FOR ANY FURTHER RELIEF this Commission deems appropriate to conclude this matter.

Respectfully submitted,

/s/ Thomas P. Gressette, Jr.

**Thomas P. Gressette, Jr.**

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Office: 66 Hasell Street, Charleston, SC 29401

Phone: 843-727-2200

April 14, 2020  
Charleston, South Carolina

#### **CERTIFICATE OF SERVICE**

This is to certify that on April 14, 2020, I caused to be served upon the counsel of record named below a copy of the foregoing **DIUC MOTION FOR DISPOSITION OF PROCEEDINGS AND ENTRY OF PROPOSED ORDER ON SECOND REMAND** via electronic mail, as indicated. A copy was also electronically filed via the Commission DMS. Said filing includes **DIUC'S PROPOSED ORDER ON SECOND REMAND WITH EXHIBITS**.

Andrew M. Bateman, Esq. ([abateman@regstaff.sc.gov](mailto:abateman@regstaff.sc.gov))

Jeff Nelson, Esq. ([jnelson@regstaff.sc.gov](mailto:jnelson@regstaff.sc.gov))

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John F. Beach, Esq. ([john.beach@arlaw.com](mailto:john.beach@arlaw.com))